Volume 11 No. 8, April 15, 2005

QUOTA EXCHANGE

The eighth butterfat Quota Exchange of the 2004-2005 dairy year was conducted on April 15, 2005. The market-clearing price for unused quota was **$85.00**. The market-clearing price for used quota was **$69.00**. The results of the April, 2005 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2004-2005 dairy year will be held on May 16, 2005. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, May 6, 2005. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	$ 85.00
Kilograms offered to Purchase – total	9,700
Kilograms offered to purchase at 5% adjustment	7,585
Kilograms offered to Sell	4,288
Kilograms sold	1,850
Number of Producers	
- offered to purchase	7
- purchased quota	2
- offered to sell	11
- sold quota	9

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
65.00	1	1	200	200	-7,385	7,585	0	7	0
67.10	0	1	0	200	-7,385	7,585	1,094	7	1
70.00	0	1	0	200	-6,291	6,491	957	6	1
75.00	0	1	0	200	-5,334	5,534	500	5	1
78.00	3	4	1,037	1,237	-3,797	5,034	0	4	0
80.00	0	4	0	1,237	-3,797	5,034	1,350	4	1
82.00	3	7	653	1,890	-1,794	3,684	1,834	3	1
85.00	**2**	**9**	**598**	**2,488**	**638**	**1,850**	**500**	**2**	**1**
90.00	1	10	1,000	3,488	2,138	1,350	1,350	1	1
94.00	1	11	800	4,288	4,288	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 69.00**
Kilograms offered to Purchase – total	**4,170**
Kilograms offered to Purchase – adjusted	**4,004**
Kilograms offered to Sell	**10,967**
Kilograms sold	**3,274**
Number of Producers	
- offered to purchase	**5**
- purchased quota	**3**
- offered to sell	**11**
- sold quota	**7**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
55.00	1	1	325	325	-3,679	4,004	0	5	0
64.00	3	4	1,165	1,490	-2,514	4,004	0	5	0
66.00	2	6	1,133	2,623	-1,381	4,004	0	5	0
67.00	0	6	0	2,623	-1,381	4,004	230	5	1
68.10	0	6	0	2,623	-1,151	3,774	500	4	1
69.00	**1**	**7**	**1,102**	**3,725**	**451**	**3,274**	**0**	**3**	**0**
70.00	2	9	1,042	4,767	1,493	3,274	1,834	3	1
71.10	0	9	0	4,767	3,327	1,440	1,000	2	1
75.00	2	11	6,200	10,967	10,527	440	440	1	1

BUTTERFAT PRODUCTION AND COMPONENT PRICING, MARCH 2005

Butterfat production for March 2005 totalled approximately 704,756 kilograms. This was slightly higher than February 2005 shipments. For the first eight months of the 2004-2005 dairy

year, Saskatchewan's allocation of Total Production Quota totalled 5,502,149 kilograms. **In the first eight months, the province has shipped 98.77% of that amount**. The weighted average component tests and prices for the province in March are indicated in Table III.

TABLE III

Components	Average Test	Price per kilogram Class 2 to 5	Price per kilogram Class 1
Butterfat	3.7122	$9.6232	$5.30/kg
Protein	3.2790	$6.6232	$49.63 ($/hl)
Other solids (S.N.F.)	5.7509	$0.9441	$49.63 ($/hl)

Based on the average component tests for the province, the average price received was $65.9558 per hectolitre.

SASKATCHEWAN MILK POOL RESULTS March 2005
TABLE IV

Milk Sale Revenue	$ 12,542,511.51
Western Milk Pool	$ 52,398.54
Dairy Farmers of Canada Skim Off	$ - 17,020.86
Plant of Last Resort Service	$ - 56,122.54
Total Pool Value	**$ 12,521,766.65**

ACCOUNTING VALUES FOR CLASSES OF MILK – April 2005
TABLE V

	Butterfat ($/kg.)	**Skim value ($/hl)**	
Class 1a	$5.30	$49.63	
Class 1b	$5.30	$49.63	
Class 1c	$5.30	$43.52	
	Butterfat ($/kg.)	**Protein ($/kg.)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.1141	$5.1141
Class 3a	$7.2333	$11.9171	$0.7978
Class 3b	$7.2333	$11.6866	$0.7832
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.7347	$4.7347
Class 4a(i)	$7.2333	$1.2500	$1.2500
Class 4c	$7.2333	$3.9612	$3.9612
Class 4m	$0.00	$0.00	$0.00
Class 5a	$4.8522	$6.8734	$0.2581
Class 5b	$4.8522	$2.0536	$2.0536
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA INCREASE EFFECTIVE APRIL 1 2005

Due to the strong demand for fluid products in the Western Milk Pool, the automatic trigger formula called for a quota increase on the fluid portion of producers' Total Production Quota (TPQ).

Effective April 1 2005, TPQ will increase by 0.57% over the next twelve months in the Western Milk Pool provinces. Of this increase, 0.19% will be allocated in the current dairy year. The remaining 0.38% will be allocated in the new dairy year starting August 1, 2005.

Your quota license reflecting this increase is included with this newsletter.

WHY DIDN'T PRODUCER MILK PAY STATEMENTS REFLECT A 7.8% INCREASE IN INDUSTRIAL PRICES?

The Canadian Dairy Commission (CDC) announced Industrial price increases effective February 1 2005. The processor was billed at the new higher prices effective February 1st. This increase was $5.00 per hectolitre.

The CDC announcement incorrectly indicated that producers would receive the full amount of this increase.

There are two factors that will impact on how much of the increase producers will receive:

1. The monthly dollar amount contributed from Western Milk Pooling (WMP) based on the previous month's pooling results. Other expenses for Dairy Farmers of Canada skim-off and Plant of Last Resort services.

   From the WMP results of January 2005 production, Saskatchewan's share into the Western Milk Pool was $305,023. In addition, producers pay a monthly cost for Plant of Last Resort services as well as Dairy Farmers of Canada skim-off costs of approximately $75,000 per month.

2. The processor product mix for the month.

   For the month of February, there was a Special Class permit for milk protein concentrate (MPC). The difference between permit billing to the processor and domestic price was approximately $450,000. The production of the Special Class Permit made only a small contribution to the revenue pool available to producers.

Saskatchewan producers saw their net Industrial Prices increase by a blend of 4.71% from January to February. The increase in the WMP dollar amount paid caused a 0.91% decrease in industrial dollars paid to producers. The remaining difference was due to the Special Class production in February 2005.

QUOTA MANAGEMENT TABLES

As part of this mail-out, the Board is providing each producer butterfat and quota management Tables showing actual kilograms of milk and butterfat production and utilization for March of the 2004-2005 dairy year. These Tables also indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Quota for Sale

- Quota and cows for sale. Call Chris Hessdorfer @ (306) 289-4208

Wanted to buy or swap

- Ian Phillips would like to buy 5,000 kilograms of unused quota and/or swap used for unused. Will trade cows. Phone (306) 933-4567

- George or John @ Scott Colony would like to purchase unused or swap used for unused quota. Phone (306) 247-2144

- Earl or Scott at Eaglewood Holdings would like to buy one 1,500 gallon bulk tank. Phone (306) 329-4394.

Would like to swap unused for used

- Mark or Glenda Johnson — Phone (306) 725-4042

Would like to swap used for unused

• John Thiessen	Phone (306) 946-2339	approximately 1,500 kgs
• Darrel & Warren Fisher	Phone (306) 725-4280	
• Joe @ West Bench Colony	Phone (306) 295-4135	approximately 1,500 kgs
• Emile Marquette	Phone (306) 327-5736	
• Florian Hagman	Phone (306) 749-2879	
• Roger Genoway	Phone (306) 593-2289	
• Stan or Jayden Sinclair	Phone (306) 332-4220	approximately 1,000 kgs
• Isaac Klassen	Phone (306) 249-4435	

• Bob Penrose	Phone (306) 946-2268	
• Reg or Julianne Lindenbach	Phone (306) 771-2776	
• Andy Szejvolt	Phone (306) 382-6917	
• Henry Ens	Phone (306) 239-4304	
• Jim Ross	Phone (306) 697-2232	
• Daryl Maurer	Phone (306) 697-3121 Phone #2 (306) 697-3169	500 – 700 kgs
• Tim @ Sovereign Colony	Phone (306) 882-2447	approximately 1,000 kgs

For Sale

- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205

- 8 Holstein heifers calving approximately September 15th and 23 open heifers
  - contact Del Mealing (306) 693-2543

- 1995 Muller Bulk Tank 2000 gallon
  - contact Kevin Lischka at (306) 487-2663 or (306) 487-3227

- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784

- Jersey cows and heifers – fresh due in April and June
  - contact Joanne Edwards at (306) 528-7707

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

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